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By B. Navarro  
Deputy

**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA**

STATE OF ARIZONA,

Plaintiff,

v.

OWEN A. VILAN (001),

Defendant.

CR2007-167253-001-DT

**ORDER APPOINTING RECEIVER**

(Honorable Timothy J. Ryan)

The State Grand Jury having returned an Indictment on October 22, 2007, charging Defendant OWEN A. VILAN with felony offenses that constitute "racketeering" as defined by A.R.S. section 13-2301(D)(4), and the State of Arizona having filed an Application for Order Appointing Receiver ("Petition") together with supporting affidavit, with notice to counsel for OWEN A. VILAN ("Defendant"), and the Court having considered the matters presented, and good cause being shown,

**IT IS ORDERED:**

Upon application by the State of Arizona supported by both the Indictment and an affidavit of investigative facts, the Court finds probable cause to believe that the racketeering crimes of Fraudulent Schemes and Artifices (A.R.S. §13-2310); Theft (A.R.S. §13-1802); Intentional or Reckless Fraud in the Purchase or Sale of Securities (A.R.S. §44-1991); and, Intentional or Reckless Sale of Unregistered Securities (A.R.S. §44-1841) were and are being

committed by the Defendant and others, by and through entities known as Saguaro Investments, Inc., Desert Group Investments, LLC, and Moreno Investments ("Receivership Entities").

This Court has a duty to protect the interests of persons injured by racketeering conduct who are protected by A.R.S. §13-2314(B) by locating such persons who are not now before the court, by determining whether they are in fact protected by A.R.S. §13-2314 (B) and, if so, by determining the amount of economic loss of each such person's injury directly caused by the racketeering conduct.

This Court also finds that all assets held or controlled by Defendant, including marital community assets, are the proceeds of the offenses listed above, afford a source of influence over the Receivership Entities and/or are being used or intended to be used in any manner or part to facilitate the commission of the aforesaid offenses, and are subject to orders by this Court to prevent, restrain and remedy racketeering pursuant to A.R.S. §§13-2301 *et seq.*, 13-2313 and 13-2314(B-C), including the creation of receiverships and the enforcement of constructive trusts pursuant to A.R.S. § 13-2314(F).

This Court further finds that the assets of the Defendant and the Receivership Entities are at risk of loss by reason of Defendant's disposition of same, and that the Court's duty to protect the interests of persons injured by racketeering conduct requires those assets to be conserved in the legal custody of the Court through its appointment of a Receiver to take actual custody of and administer such assets pursuant to further order of and disposition by the Court pursuant to law, including A.R.S. §§ 13-603(C), 13-804 and 13-2314.

This Court has authority to enter this Order under Ariz. Const. art. VI, §24, and A.R.S. §§12-123, 12-1241, 13-2313 and 13-2314 (B) and (C).

NOW THEREFORE IT IS ORDERED that Lawrence A. Warfield, CPA, is appointed Receiver for the Receivership Entities and of all of the assets of the Receivership Entities and of the Defendant, including marital community assets of the Defendant, and all of the assets of any

affiliates or subsidiaries owned or controlled by the Receivership Entities or the Defendant "Receivership Assets." The Receiver shall be the agent of the Court, shall have all of the powers of an equity receiver, and shall be accountable directly to this Court. This Court hereby asserts exclusive jurisdiction and takes exclusive possession of all of the Receivership Assets owned by, controlled by, or in the name of any of the Receivership Entities or the Defendant, including all monies, securities, inventory, and properties, real or personal, tangible and intangible, of whatever kind and description and wherever situated.

IT IS FURTHER ORDERED that the Receiver shall, within ten days of the entry of this order, file with the Clerk of this Court a bond in the sum of \_\_\_\_\_ with sureties to be approved by the Court, conditioned that the Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

IT IS FURTHER ORDERED that the Receiver is directed and authorized to forthwith:

1. Assume full control of the Receivership Entities by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of any of the Receivership Entities, from control of, management of, or participation in, the affairs of the Receivership Entities;
2. Take exclusive custody, control and possession of all Receivership Assets and all documents and other records belonging to or pertaining to the Receivership Entities and Receivership Assets ("Receivership Records"). The Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold, and manage all assets and documents of the Receivership Entities and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of the Receivership Entities;
3. Enter and take all steps necessary to secure any premises, wherever located or situated, in order to take possession, custody or control of, or to identify the location or existence of any Receivership Assets or Receivership Records including without limitation the following

premises: 7440 E. Main Street, Mesa, Arizona; 5675 E. Evergreen Street, Mesa, Arizona; and 7523 E. Kael Circle, Mesa, Arizona.

Such steps may include, but are not limited to, the following as the Receiver deems necessary or advisable: (a) serving and filing this Order; (b) completing a written inventory of all assets of the Receivership Entities; (c) obtaining pertinent information from all employees and other agents of the Receivership Entities, including, but not limited to, the name, home address, social security number, job description, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent; (d) video taping all portions of the location; (e) securing the location by changing the locks or other security devices and disconnecting any computer modems or other means of access to the computer or other records maintained at that location; or (f) requiring any persons present on the premises at the time this Order is served to leave the premises, to provide the Receiver with proof of identification, or to demonstrate to the satisfaction of the Receiver that such persons are not removing from the premises documents or assets of the Receivership Entities;

4. To the extent necessary to maintain the peace and upon request of the Receiver, any peace officer of this State is authorized and directed to assist the Receiver in order to carry out his duties and to take possession, custody or control of Receivership Assets and Receivership Records, including but not limited to the Receiver's right and authority to (a) enter into and secure any premises, property or real estate, wherever located or situated, in order to take possession, custody or control of or to identify the location or existence of any Receivership Assets and Receivership Records, (b) take actual or constructive possession, custody and control of any Receivership Assets or Receivership Records, (c) secure or remove the personal property of any third party that is located in or on any premises or real estate constituting a Receivership Asset, (4) remove any person or that person's property from any premises or real estate constituting a Receivership Asset whose claim of a right to have property located at or to be on

or possess such premises or real estate is not evidenced by a written lease agreement with the owner of such premises or real estate and (d) remove any person from any premises or real estate constituting a receivership asset that attempts to interfere with the Receiver, his attorneys or agents in the performance of their duties as Receiver.

5. Conserve, hold, and manage all Receivership Assets, and perform all acts necessary or advisable to preserve the value of those assets in order to prevent any irreparable loss, damage, or injury to persons who suffered economic loss directly caused by racketeering conduct of the Defendant and the Receivership Entities, including, but not limited to, obtaining an accounting of the assets and preventing transfer, withdrawal, or misapplication of assets;
6. Enter into contracts and purchase insurance as advisable or necessary;
7. Prevent the inequitable distribution of assets and determine, adjust, and protect the interests of persons who have sustained injury from racketeering conduct by the Defendant and the Receivership entities;
8. Manage and administer the business of the Receivership Entities until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which includes retaining, hiring, or dismissing any employees, independent contractors, or agents;
9. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;
10. Make payments and disbursements from the Receivership Assets that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Entities prior to the date of entry of this Order, except

payments that the Receiver deems necessary or advisable to secure assets of the Receivership Entities, such as rental payments;

11. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that the Receiver deems necessary and advisable to preserve or recover the Receivership Assets, or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order;

12. Defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Receiver in his role as Receiver, or against the Receivership Entities or Receivership Assets that the Receiver deems necessary and advisable to preserve the Receivership Assets or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order;

13. Continue to conduct the business of the Receivership Entities in such a manner, to such extent, and for such duration as the Receiver may in good faith deem to be necessary or appropriate to operate the business profitably and lawfully, if at all; provided, however, that the continuation and conduct of the business shall be conditioned upon the Receiver's good faith determination that the businesses can be lawfully operated at a profit using the assets of the receivership estate;

14. Issue subpoenas to obtain documents and records pertaining to the receivership, and conduct discovery in this action on behalf of the receivership estate;

15. Open one or more bank accounts as designated depositories for Receivership Assets or the Receivership Entities. The Receiver shall deposit all funds of the Receivership Assets or Entities in such a designated account and shall make all payments and disbursements from the receivership estate from such an account;

16. Maintain accurate records of all receipts and expenditures that he makes as Receiver; and

17. Cooperate with reasonable requests for information or assistance from any state or federal or foreign law enforcement or regulatory agency.

IT IS FURTHER ORDERED that:

1. Immediately upon receiving notice of this Order, or within such period as may be permitted by the Receiver, the Defendant or any other person or entity receiving notice of this order shall transfer or deliver to the Receiver possession, custody, and control of all Receivership Assets, all Receivership Records, and all assets belonging to members of the public now held by the Receivership Entities;

2. The Defendant, consistent with the exercise of his Constitutional rights, shall fully cooperate with and assist the Receiver, which shall include, but not be limited to, providing information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic file, or telephonic data in any medium; advising all persons who owe money to the Receivership Entities that all debts should be paid directly to the Receiver; and provide to the Receiver all keys and codes necessary to gain or to secure access to any Receivership Assets or Receivership Records.

3. All banks, broker-dealers, savings and loans, escrow agents, title companies, commodity trading companies, or other financial institutions shall cooperate with all reasonable requests of the Receiver relating to implementation of this Order, including transferring funds at his direction and producing records related to the Receivership Assets and the Receivership Entities.

IT IS FURTHER ORDERED that Defendant and all persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise are hereby restrained and enjoined from directly or indirectly:

1. Transacting any Receivership Assets or business of the Receivership Entities except as may otherwise be provided for herein;

2. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any Receivership Records, including, but not limited to, books, records, accounts, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations, electronically-stored records, or any other papers of any kind or nature;
3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Entities, or the Receiver;
4. Excusing debts owed to the Receivership Entities;
5. Failing to notify the Receiver of any Receivership Asset held in any name other than the name of the Defendant or a Receivership Entity, or by any person or entity other than the Defendant or a Receivership Entity, or failing to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody, or control of such assets;
6. Doing any act or refraining from any act whatsoever to interfere with the Receiver's taking custody, control, possession, or managing of the assets or documents subject to this receivership; or to harass or interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over Receivership Assets, Receivership Records or of the Receivership Entities; or to refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court; or
7. Filing, or causing to be filed, any petition on behalf of the Receivership Entities for relief under the United States Bankruptcy Code, 11 U. S. C. Section 101et. seq., without prior permission from this Court.

IT IS FURTHER ORDERED that except by leave of this Court, during pendency of the receivership ordered herein, the Defendant, and all other persons and entities be and hereby are stayed from taking any action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, any Receivership Asset or any of the Receivership Entities, any



of their subsidiaries, affiliates, partnerships, assets, documents, or the Receiver or the Receiver's duly authorized agents acting in their capacities as such, including, but not limited to, the following actions:

1. Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;
2. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any asset, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;
3. Executing, issuing, serving, or causing the execution, issuance or service of, any legal process, including, but not limited to, attachments, garnishments, subpoenas, writs of replevin, writs execution, or any other form of process whether specified in this Order or not; or
4. Doing any act or thing whatsoever to interfere with the Receiver taking custody, control, possession, or management of the assets or documents subject to this receivership, or to harass or interfere with the Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over Receivership Assets, Receivership Records or Receivership Entities.
5. Except as otherwise provided in this Order, all persons and entities in need of documentation from the Receiver shall in all instances first attempt to secure such information by submitting a formal written request to the Receiver, and, if such request has not been responded to within thirty (30) days of receipt by the Receiver, any such person or entity may thereafter seek an Order of this Court with regard to the relief requested.

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver and accountants and investigators, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for

the cost of expenses incurred by them, to be paid from the Receivership Assets. The Receiver shall file with the Court and serve on the parties periodic requests for the payment of compensation to be paid to the Receiver or to his attorneys, accountants, or investigators.

IT IS FURTHER ORDERED that this Order will remain in effect until modified by further order of this Court.

DATED this 24th day of October, 2007.

  
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Honorable Timothy J. Ryan  
Judge of the Superior Court

The foregoing instrument is a full, true and correct copy of the original on file in this office.

Attest 10-24 2007  
MICHAEL K. JEANES, Clerk of the Superior Court of the  
State of Arizona, in and for the County of Maricopa.

By B. Naranjo Deputy